

BAYOU LAFOURCHE FRESH WATER DISTRICT

Thibodaux, Louisiana

***General Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended December 31, 2000***

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
Timothy S. Kearns, MBA, CPA
501 Canal Boulevard, Thibodaux, LA 70301
(504) 447-8507 Fax (504) 447-4833

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

**General Purpose Financial Statements and
Independent Auditor's Report
As of and for the Year Ended December 31, 2000**

C O N T E N T S

	Statement	Page No.
Independent Auditor's Report on the General Purpose Financial Statements		2
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance	B	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual (Non-GAAP Basis)	C	5
Notes to the Financial Statements		6
Supplemental Information Schedules:		
	Schedule	
Summary Schedule of Prior Audit Findings	1	15
Corrective Action Plan for Current Year Audit Findings	2	16
Schedule of Per Diems Paid to Board Members	3	17
Other Reports Required By		
<u>Governmental Auditing Standards:</u>		
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards	A	



INDEPENDENT AUDITOR'S REPORT

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

We have audited the accompanying general purpose financial statements of the Bayou Lafourche Fresh Water District as of and for the year ended December 31, 2000, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Bayou Lafourche Fresh Water District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bayou Lafourche Fresh Water District as of December 31, 2000, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Bayou Lafourche Fresh Water District. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 15, 2001 on our consideration of the Bayou Lafourche Fresh Water District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in dark ink, appearing to read "T.S. Kearns & Co.", written over a horizontal line.

March 15, 2001

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)
501 Canal Boulevard, Thibodaux, LA 70301
(504) 447-8507 Fax (504) 447-4833
kearnscpa@mobiletel.com

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana
ALL FUND TYPES & ACCOUNT GROUPS

Balance Sheet
December 31, 2000

	ACCOUNT GROUPS		
	GOVERNMENTAL	-----	
	-----	GENERAL	GENERAL
	GENERAL	FIXED	LONG-TERM
	FUND	ASSETS	OBLIGATIONS
			TOTAL
			(MEMORANDUM
			ONLY)
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 99,527		\$ 99,527
Investments	1,248,351		1,248,351
Receivables:			
Ad valorem taxes (net)	393,633		393,633
Water sales	29,832		29,832
Interest receivable	29,447		29,447
General Fixed Assets:			
Land		\$ 8,783	8,783
Equipment, Furniture, Vehicles		673,229	673,229
Plant & Properties		1,779,383	1,779,383
Other Debits:			
Amount to be provided for compensated absences payable			\$ 31,841
			31,841
TOTAL ASSETS AND OTHER DEBITS	\$ 1,800,792	\$ 2,461,395	\$ 4,294,028
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	\$ 50,549		\$ 50,549
Accrued payroll	8,060		8,060
Compensated absences payable	13,433		\$ 31,841
			45,274
Total liabilities	72,042	0	31,841
			103,883
Equity and other credits			
Investment in general fixed assets		2,461,395	2,461,395
Fund balances:			
Unreserved-undesignated	1,728,750		1,728,750
Total equity and other credits	1,728,750	2,461,395	0
			4,190,145
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,800,792	\$ 2,461,395	\$ 4,294,028

The accompanying notes are an integral part of this statement.

BAYOU LAFOURCHE FRESH WATER DISTRICT
 Thibodaux, Louisiana
 GOVERNMENTAL FUND - GENERAL FUND
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For the Year Ended December 31, 2000

REVENUES

Ad Valorem Taxes Revenue	\$ 487,542.16
State Revenue Sharing Revenue	66,208.13
State Revenue Sharing for Aquatic Vegetation Abatement	20,000.00
USCOE PAS Study	8,700.00
Water Sales	297,071.14
Interest income	96,578.21
Prior year tax	3,438.72
Permits	120.00
Miscellaneous income	56.40
Total revenue	<u>979,714.76</u>

EXPENDITURES

Salaries	361,781.58
Per diems	3,600.00
Payroll Taxes	27,777.29
Group Insurance Expense	58,425.36
Retirement Expense	9,743.75
Ad val deduction for pension	16,772.25
Ad val deduction for LPSO	1,486.22
Bank Charge	25.87
Material & supplies	13,518.36
Aquatic vegetation abatement	13,316.10
Pollution abatement	22,520.98
Repairs & maintenance	93,941.38
Fuel & lube	11,607.39
Accounting Fees	2,325.00
Computer Expenses	1,421.77
Dues & Subscriptions	336.70
Insurance-General	20,802.71
Legal Publication	2,570.82
Mileage & Travel	817.33
Office Expense	8,141.49
Safety expenses	23.58
Tax & License	22.88
Telephone	9,512.64
Legal Fees	18,306.44
Aquatic Control Study	1,374.84
Electric	199,746.55
Garbage	156.62
Water	1,899.76
Miscellaneous expense	4,934.42
Capital outlay:	
Building expense	5,250.00
Equipment Expense	999.99
Total expenditures	<u>913,160.07</u>

EXCESS OF REVENUE OVER EXPENDITURES 66,554.69

FUND BALANCE AT BEGINNING OF YEAR 1,662,195.33

FUND BALANCE AT END OF YEAR \$ 1,728,750.02

The accompanying notes are an integral part of this statement.

STATEMENT C

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis)
and Actual (Non-GAAP Budget Basis)
For the Year Ended December 31, 2000

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Ad Valorem Taxes Revenue	\$ 475,000.00	\$ 527,903.02	\$ 52,903.02
State Revenue Sharing Revenue	50,000.00	66,208.13	16,208.13
Aquatic Vegetation Abatement	20,000.00	20,000.00	0.00
USCOE PAS Study	0.00	8,700.00	8,700.00
Water Sales	270,000.00	294,607.48	24,607.48
Interest income	55,000.00	96,581.50	41,581.50
Prior year tax	2,000.00	3,438.72	1,438.72
Refunds and reimbursement	100.00	0.00	(100.00)
Permits	0.00	120.00	120.00
Miscellaneous income	500.00	56.40	(443.60)
Total revenue	<u>872,600.00</u>	<u>1,017,615.25</u>	<u>145,015.25</u>
EXPENDITURES			
Salaries	335,300.00	356,331.80	(21,031.80)
Per diems	3,600.00	3,600.00	0.00
Payroll Taxes	25,926.00	27,705.01	(1,779.01)
Group Insurance Expense	55,000.00	58,425.36	(3,425.36)
Retirement Expense	8,000.00	9,743.75	(1,743.75)
Ad val deduction for tax ass.	0.00	427.64	(427.64)
Ad val deduction for pension	15,000.00	16,153.93	(1,153.93)
Bank Charge	500.00	25.87	474.13
Material & supplies	5,500.00	13,052.81	(7,552.81)
Aquatic vegetation abatement	20,000.00	13,316.10	6,683.90
Pollution abatement	50,000.00	21,978.05	28,021.95
Repairs & maintenance	130,000.00	80,315.68	49,684.32
Fuel & lube	5,000.00	11,602.51	(6,602.51)
Accounting Fees	2,250.00	2,325.00	(75.00)
Computer Expenses	1,500.00	1,560.07	(60.07)
Dues & Subscriptions	500.00	378.10	121.90
Insurance-General	85,500.00	27,964.03	57,535.97
Legal Publication	1,500.00	2,299.03	(799.03)
Mileage & Travel	1,000.00	816.33	183.67
Office Expense	6,000.00	7,734.24	(1,734.24)
Safety expenses	0.00	23.58	(23.58)
Tax & License	500.00	22.88	477.12
Telephone	8,000.00	9,521.52	(1,521.52)
Legal Fees	7,500.00	17,234.59	(9,734.59)
Electric	181,000.00	190,989.75	(9,989.75)
Garbage	0.00	156.62	(156.62)
Water	0.00	2,335.11	(2,335.11)
Miscellaneous expense	1,000.00	6,593.71	(5,593.71)
Capital outlay:			
Building expense	0.00	5,250.00	(5,250.00)
Equipment Expense	0.00	999.99	(999.99)
Total expenditures	<u>950,076.00</u>	<u>888,980.55</u>	<u>61,095.45</u>
EXCESS OF REVENUE OVER EXPENDITURES	(77,476.00)	128,634.70	206,110.70
FUND BALANCE AT BEGINNING OF YEAR	1,777,134.96	1,777,134.96	\$ 0.00
FUND BALANCE AT END OF YEAR	<u>\$1,699,658.96</u>	<u>\$1,905,769.66</u>	<u>\$ 206,110.70</u>
The accompanying notes are an integral part of this statement.			

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

INTRODUCTION

The Bayou Lafourche Fresh Water District was created under Act 113 of 1950, of the Louisiana Legislature, for the purpose of furnishing fresh water from the Mississippi River to the incorporated villages, towns, and cities along Bayou Lafourche. The District is governed by a board of six commissioners appointed for terms of four years. The parish governments of Ascension and Assumption appoint three of the six commissioners, and the governor of Louisiana appoints the remaining three commissioners.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying financial statements of the Bayou Lafourche Fresh Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the primary government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on this criteria, management has determined that the Bayou Lafourche Fresh Water District is not considered a component unit of any other reporting entity. The District is a separate reporting entity because:

1. The District is a separate legal entity, and not a part of any other governmental entities.
2. Other governmental entities do not have the ability to impose their will on the District.
3. The District is not fiscally dependent on other governmental entities, nor is the District a significant financial burden to any other governmental entities.

This report includes all funds and account groups which are controlled by the Bayou Lafourche Fresh Water District. The district is not included in any other governmental "reporting entity" as defined by the GASB pronouncement.

C. Fund accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The only fund of the Fresh Water District is classified as a governmental fund. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental fund of the District includes:

General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

D. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The District's records are maintained on the cash basis of accounting. However, the general fund reported in the financial statements has been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues -

Revenue is recorded when received or accrued when it becomes both measurable and available for current expenditures. Only revenue received within thirty days of the close of the current fiscal year is considered receivable and is recorded in the current year. Ad valorem taxes are assessed on a calendar year basis, become due November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year. The revenue collected by the sheriffs of the parishes involved are transmitted to the District.

Water sales are recorded when earned.

Interest income on time deposits is recorded when earned.

All other revenue are recorded when received.

Expenditures -

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budgets

Annually, the Board of Commissioners of the District adopts a detailed budget for the general fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget. The budget is prepared on the cash basis of accounting. To arrive at the cash basis, the actual GAAP basis revenue was decreased and the expenditures were increased. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

F. Encumbrances

The District does not use encumbrance accounting.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

G. Cash, cash equivalents, and investments

The District has deposits in a checking account and a money market account at a local financial institution. The District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana or any other state in the United States. The District may also invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. Inventories

Physical inventories consist of expendible supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

I. Fixed assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest cost incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

J. Compensated absences

The District employees accumulate an unlimited amount of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

The cost of leave privileges are computed in accordance with GASB Codification Section C60. An estimate of the leave privileges requiring current resources is accrued in the General Fund. Any amount of leave actually paid over the amount accrued is expensed in the year paid. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

K. Long-term obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

L. Total columns on statement

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2. LEVIED TAXES

Maintenance taxes attach as enforceable liens on property as of January 1 of each year. Taxes are levied by the parishes in November and are actually billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

In 2000, the District was authorized to levy up to 2.19 mills in ad valorem taxes. A 1.5 mill ad valorem tax was levied for the year ended December 31, 2001. This assessment is made on real property and business personal properties located in part of Ascension Parish and within the boundaries of Assumption and Lafourche Parishes.

The District records as a receivable the total ad valorem taxes assessed for the year less the deduction for pension. An Allowance for Doubtful Accounts is not recorded by the District because the amount of uncollected taxes is immaterial and written off in the year following the year of assessment.

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2000, the board has cash and cash equivalents (book balance) totaling \$99,527.23, as follows:

Interest-bearing demand deposits	\$ 53,720.35
Money market deposits	45,806.88

	\$ 99,527.23
	=====

These deposits are stated at cost, which approximates market. Under state law, these deposits (bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2000, the board has \$64,212.85 in deposits (collected bank balance) at Hibernia National Bank and \$45,806.88 in deposits (collected bank balance) at Bank One. These deposits are fully secured from risk by federal deposit insurance and by collateral pledged by the District.

NOTE 4. INVESTMENTS

At December 31, 2000, the district has investments totaling \$1,248,351, as follows:

	Carrying Value	Market Value
	-----	-----
Federal National Mortgage Association Note	\$ 646,004	\$ 660,489
Federal Home Loan Mortgage Corporation	100,041	100,384
Federal Home Loan Banks	236,689	241,469
Federal Farm Credit Banks	265,617	276,000
	-----	-----
	\$1,248,351	\$1,278,342
	=====	=====

These investments are stated on the balance sheet at amortized cost. The investments are in the name of the Bayou Lafourche Fresh Water District and are managed by Sisung Investment Management Services, Inc., New Orleans, Louisiana.

NOTE 5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2000	Additions	Deletions	Balance December 31, 2000
	-----	-----	-----	-----
Land	\$ 8,783.00	\$ -0-	\$ -0-	\$ 8,783.00
Plant and Properties	1,774,133.00	5,250.00	-0-	1,779,383.00
Equipment, furniture, & vehicles	672,229.38	999.99	-0-	673,229.37
	-----	-----	-----	-----
Total	\$2,455,145.38	\$ 6,249.99	\$ -0-	\$2,461,395.37
	=====	=====	=====	=====

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

NOTE 6. PENSION PLAN

Plan Description. Substantially all employees of the Bayou Lafourche Fresh Water District are members of the Parochial Employees Retirement System of Louisiana (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary in excess of \$100 for each year of creditable service. Further, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 per cent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Under Plan B, employees may elect to enter into the Deferred Retirement Option Plan (DROP). DROP is an option for those members who are eligible for normal retirement. Employees age 62 and above with 10 years of creditable service are eligible for the plan. The plan allows the pension benefit that is accrued at the time of entry into DROP to be calculated and to accumulate with the retirement system while the DROP participant continues to work, freezing the future retirement benefit at retirement. The pension benefit is calculated as if the member were actually retiring. This DROP is deposited to a DROP account with the retirement system for a period not to exceed three years. The participant continues to work during this period of time. Employee contributions cease but employer contributions continue. At the end of the DROP period and upon termination of employment, the sum of the DROP account is paid out and the retiree begins receiving that same benefit directly as the retirement benefit.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Under Plan B, members are required by state statute to contribute 2.0% of their annual covered salary in excess of \$1,200 and the district is required to contribute at an actuarially determined rate. The current rate is 2.50% of annual covered payroll. Contributions to the System include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contribution to the System under plan B for the years ending December 31, 2000, 1999, and 1998, were \$9,744, \$7,631, and \$6,813, respectively, equal to the required contributions each year.

NOTE 8. POST EMPLOYEE HEALTH CARE BENEFITS

Effective June 15, 1994, the district is offering an early retirement benefit to all current and future classified employees between the ages of sixty-two and sixty-five who are fully vested in and eligible to retire in the Parochial Employees' Retirement System at the time of retirement. The district will pay the entire cost of the state portion of the retiring employee's medical insurance premium until the employee reaches the age of sixty-five and becomes eligible for medical insurance primary coverage, or until revoked by the commissioners or the retiring employee fails to submit payment to the district for his/her portion of the premium by the fifth day of the month in which the premium is due. The cost of retirees' health care benefits is recognized as an expenditure when the related premium liability is incurred. For 2000, the district did not incur any costs related to post employee health care benefits.

NOTE 9. LEASES

The board had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

NOTE 10. DEFERRED COMPENSATION PLAN

Some employees of the Bayou Lafourch Fresh Water District contribute to the State of Louisiana Deferred Compensation Plan.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2000

This plan was created in accordance with Internal Revenue Code Section 457. The plan, which is available to all employees, permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 11. LITIGATION AND CLAIMS

At December 31, 2000, there were two matters in litigation against the Bayou Lafourche Fresh Water District. In both matters, the plaintiffs are seeking damages for alleged property damage due to water levels. The District has denied responsibility and intends to vigorously contest these cases. The attorney for the District believes an unfavorable outcome is unlikely.

SUPPLEMENTAL INFORMATION SCHEDULES

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Summary Schedule of Prior Audit Findings
As of and for the Year Ended December 31, 2000

Ref. No.

9912-1

Fiscal Year Finding Initially Occurred

All previous years

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Bayou Lafourche Fresh Water District's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken (Yes, No, Partially)

No

Planned Corrective Action/Partial Corrective Action Taken

None

Additional Explanation

This is a common reportable condition noted in audits of small governmental entities. The District's office does not employ enough people in its accounting department to segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition can not be remedied in a cost effective manner.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, Louisiana

Corrective Action Plan for Current Year Findings
As of and for the Year Ended December 31, 2000

Ref. No.

0012-01

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of Bayou Lafourche Fresh Water District's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Planned

None

Name of Contact Person

Carol Leblanc, Accountant

Anticipated Completion Date

None

Additional Explanation

This is a common reportable condition noted in audits of small governmental entities. The Fresh Water District's office does not employ enough people in its accounting department to segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition can not be remedied in a cost effective manner.

BAYOU LAFOURCHE FRESH WATER DISTRICT
Thibodaux, LouisianaSchedule of Per Diems Paid to Board Members
For the Year Ended December 31, 2000

MEMBER -----	PER DIEM -----	NO. OF DAYS -----	TOTAL PER DIEM -----
Lynn Aysenne	\$ 50	12	\$ 600
Alvin Hebert	50	12	600
Gasper Varvaro	50	12	600
Gaston Waguespack, Jr.	50	12	600
Austin Stevens	50	12	600
Gene Harrell	50	12	600

Total			\$ 3,600 =====

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Report on Compliance and on Internal Control



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**BAYOU LAFOURCHE FRESH WATER DISTRICT
1018 ST. MARY STREET
WATER DISTRICT
Thibodaux, Louisiana**

We have audited the general purpose financial statements of the Bayou Lafourche Fresh Water District as of and for the year ended December 31, 2000, and have issued our report thereon dated March 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bayou Lafourche Fresh Water District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bayou Lafourche Fresh Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a single matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying corrective action plan for the current year audit finding as item 0012-01.

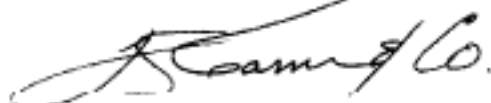
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)
501 Canal Boulevard, Thibodaux, LA 70301
(504) 447-8507 Fax (504) 447-4833
kearnacpa@mobiletel.com

of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



March 15, 2001

TIMOTHY S. KEARNS
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